Implementation from Above: The Ecology of Power in Sweden’s Environmental Governance

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This paper seeks to assess the tenability of Rhodes’ view of the “new governance” as “governing without government,” as well as the validity of Pierre and Peters’ assertions that the state is still at the center of structures and processes of governance. The case used for analysis is Sweden’s ecological modernization and the implementation of Local Investment Programs for Sustainable Development. This case provides a crucial test of the contradictory propositions of Rhodes and Pierre and Peters. Contrary to Rhodes’ assertions, central government held the initiative in the process of implementing Sweden’s ecological modernization. In line with the arguments of Pierre and Peters, central government created new structures and processes of governance to keep its initiative over constitutionally independent expert agencies and municipal governments—exactly those actors that, in Rhodes’ view, could make central governmental steering well nigh impossible. As the paper illustrates, what government gains in direct control over the process, it may well lose in terms of the end results. The case of “new governance” analyzed here thus directs attention to the critical interplay between structure, process, and end results, and to government’s role in governance.

FROM GOVERNING TO GOVERNANCE: CHANGING ECOLOGY OF POWER?

The political landscape no longer seems familiar. Accepted notions such as “hierarchy,” “regulation,” and even “government” are held inadequate to describe how society is governed. Instead, we are urged to use such concepts as “networks,” “mutual adjustment,” and “cooperative management” to outline and understand the structures and processes of governance.

But exactly what role does government play in governance? Looking at the literature, one is confronted with two opposing views of the “ecology of governance,” i.e., the relations among actors in the structures and processes of governing (c.f. Riggs, 2). At one end, Rhodes states that central government is dwindling to a position as one among equals in a system of self-organizing, steering-resistant networks, increasingly dependent on

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bargaining skills rather than legal authority in a process of negotiation over policy content. At the other end, Pierre and Peters argue that the state is indeed retaining a hold on crucial resources, enabling it to “steer” policy objectives and outcomes through conscious use of structural and process strategies.

Rhodes’ argument builds on the view that the core structure of governance consists of interlinked networks and communities with both public and private sector participants, mutually interdependent on each other for resources such as money, expertise, and legitimacy. Key figures include those who hold nodal positions in the wider decision network and make judgments about linkages or what to communicate to whom (Rhodes, 665). This would seem to indicate that some actors are more powerful than others in the processes of mutual adjustment among actors and networks striving to control crucial resources. However, networks are first and foremost self-organizing and self-governing entities, “not controlled by any single superordinate actor, not even the government” (Kickert, 275). Rhodes argues that since networks are built on trust and cooperation among self-responsible actors, they “are not accountable to the state; they are self-organizing.” Thus, because “integrated networks resist government steering, develop their own policies and mould their environments,” new governance comes close to “governing without government” (Rhodes, 652, 658).

Pierre and Peters, on the other hand, argue that hierarchical relations are still very important. Governments do indeed “establish the basic parameters within which markets, and even social groups, function” (Pierre and Peters, 25). The role of the state is “transforming from a role based in constitutional powers towards a role based in coordination and fusion of public and private interests” (Pierre and Peters, 39). In fact, “linkages upward towards transnational government and downward towards subnational government should be more thought of as state strategies to reassert control and not as proof of states surrendering to competing models of governance” (Pierre and Peters, 16; emphasis added).

Rhodes views the relationship between government and governance as a seemingly fated and universally valid process of hollowing out the state. Pierre and Peters have a more relativistic view: the role and power of the state can vary between sectors and issues, but the state retains significant control over critical resources in the process of governance through legislation and grants, which gives it a decisive role in producing desired outcomes. The state’s role may be strengthened by this: “[I]t tends to gain control at the implementation stage by having in essence co-opted social interests that might otherwise oppose its actions” (Pierre and Peters, 49). The extent to which the state can “steer” final policy outcomes depends on several empirically verifiable factors: the historical pattern of regulation and control within a particular policy sector, the institutional
interest in maintaining control, the need for legal political authority, and the strength of societal organizations and networks.

Could both of these opposing views really be upheld? Has the ecology of governance changed as radically as implied by Rhodes’ “governance as governing without government”? Or is societal governance, as Pierre and Peters (197 f.) suggest, still carried out in the “shadow of hierarchy” (c.f. Scharpf)? Admittedly, governments are dependent on target groups for inputs of crucial information as well as for support in implementing program measures. But they still occupy center stage through their monopoly on the legal force to arrange processes, relations, and distribution of costs and benefits in ways the citizens and interests find legitimate and binding. When assessing the capacity of central government to have its will done, we might be more on target if we think of networks of governance as webs, with the threads converging at the center—read central government—rather than as labyrinthine, open-ended lines of communication.

In the following paper, I analyze the Swedish shift towards ecological modernization in the late 1990s, particularly the structures and processes of governance developed to implement the large Investment Program for Sustainable Development. My purpose is to assess the tenability of Rhodes’ view of the “new governance” as governing without government, as well as the validity of Pierre and Peters’s assertions that the state is still at the center of structures and processes of governance. In particular, I attempt to assess the importance of the empirical factors outlined by Pierre and Peters as crucial to the role of the government in the structure and process of governance. Does the effort to establish hegemony for a new discourse in a policy sector change the historical pattern of regulation and control, disorganize long-term policy communities, and face government with more “governable” issue networks (c.f. Daugbjerg; Hajer)? Do changes in the degree and/or precision of legal political authority enable central government to wield more power over the administrations and interest groups than before? And how do perceived political gains in the parliamentary and/or electoral arena affect the government’s strategies and role in intergovernmental management, and thus in governance?

To select only one case to shed light on the tenability of these contradictory propositions may seem daring. However, the case is chosen on the assumption that it is crucial; it may provide a “tough test” of the existing body of knowledge (c.f. Bennett, 14). Sweden’s governmental system is somewhat of a paradox: a strong central government exists in parallel with local governments enjoying a constitutionally guaranteed sphere of independence. The decentralization of the last decades has widened the municipal sphere of governance. Central agencies are independent from the ministries, but have seen some of their hierarchical legal authority in policy implementation give way to informative and consultative functions (c.f. Agency for Administrative Development, 29, 50ff.). If Rhodes’
proposition holds for the British system, with its rather weak local governments, it would most likely be even more valid for Sweden, with its constitutionally guaranteed municipal self-governance. Should Rhodes’ proposition not hold in such a case, it is less likely to prove tenable in other cases. Sweden is also a crucial case for testing Pierre and Peters’ propositions that central government steering is still at the core of societal governance. If this is found to be true even when there is considerable strength and resources among surrounding actors, we may conclude that central governmental steering is also most likely to occur in contexts of governance with less powerful or well-organized surrounding actors.

As will be evident, the case detailed below involves a quite exceptional break with the ecology of governance usually found in Swedish government, in which old rules and structural patterns were changed, bypassed, or abandoned in an intricate process of intergovernmental management. After presenting and analyzing the case, and after assessing the tenability of the propositions just outlined, I make some suggestions for further studies on state power and democratic legitimacy in new structures of governance.

A MAJOR SHIFT IN ENVIRONMENTAL POLICY: SWEDEN OPTS FOR ECOLOGICAL MODERNIZATION

Until the early 1990s, Sweden’s environmental policy process reflected the long-standing Swedish tradition of close cooperation between ministries, the bureaucracy, and well-organized target-group interests (c.f. Rothstein, 253 ff.). The Cabinet and Parliament made policy. Implementation was the prerogative of a few central agencies (constitutionally independent of the Ministry of Environment), the Regional Administrations (RAs, länsstyrelserna—the state’s regional arms), and, increasingly, municipal governments (MGs). The latter were popularly elected and enjoyed a wide sphere of constitutionally guaranteed sovereignty to “run local affairs” (c.f. Pierre, 395). There were no special delegations or commissions making or implementing policies outside this normal structure. The Cabinet’s Environmental Advisory Board was infrequently used, and then mostly for gathering information (Lundqvist 1996). Swedish environmental governance did involve a few networks: target groups had developed a system of opposite numbers working on an equal professional basis with their peer environmental administrators at different stages and at different levels of government (c.f. Lundqvist 1996).

These structures and processes of governance were mainly built up around the idea of environment as a special sector among other policy sectors. This order of things seemed ill-suited to deal with such cross-sectoral problems as sustainable development and climate change. When then–Minister of Finance Göran Persson assumed leadership of the Swedish Social Democratic Party in March 1996, he surprised many observers by proclaiming the achievement of an “ecologically sustainable society”
as a new and noble mission for his party (Aftonbladet). Presenting his “Cabinet Policy Platform” two weeks later, Persson stated that Sweden should be “an internationally driving force and a forerunner in the endeavors to create an ecologically sustainable development.” Building an ecologically sustainable society was “not a hindrance to welfare development,” but rather positively related to growth, since it necessitated new, resource-saving, and resource-efficient technologies. These would in turn create a rapidly growing market and thus become an “engine for growth and jobs” (Swedish Parliamentary Record 1996a).

To get hegemony for this discourse shift, the Social Democratic party leadership invoked the story line (c.f. Hajer) of the “Green People’s Home.” Allusions were made to the glorious past of building the social welfare state under the story line of the “People’s Home” (c.f. Tilton, 125 ff.). The party had once built the welfare state “in broad consensus concerning the conditions for production, increased standards of living, and security for everyone. Now, we have a similar mission. We will realize the vision of a green welfare state, and bring about a thorough ecological modernization of Sweden.” The party resolved that if Sweden and Swedish industry spearheaded the development towards ecological sustainability, this would “provide great competitive advantages on these promising markets,” and thus “create new green jobs” (SAP; emphasis added). Said the Prime Minister, “We will all gain from . . . the marriage of ecology, economy, and employment” (Persson; Swedish Parliamentary Record 1996b; c.f. Larsson; Lindh).

The Persson government’s vision of a “Green People’s Home” sounded like an echo from “record years” of the 1950s and 1960s, when continuous economic growth made resources available to build the social welfare state. In 1996, however, no such period seemed in sight. The extremely stringent economic measures taken in 1992 to stop the acute threats from global capital runs on the Swedish krona were still taking their toll. Furthermore, membership in the European Union linked Sweden to the objectives, regulations, and timetables of a common European environmental policy, as well as to European market regulations. On the other hand, there were signs of new structures and processes of governance. The formal “decorporatization” of Sweden’s administrative structure had also been carried out in environmental policy (Uhrwing). The lively Agenda 21 process in all Swedish municipalities in the mid-1990s (discussed below) challenged both the essentially top-down character of environmental governance and the sectorally oriented environmental policy discourse (Eckerberg, Forsberg, and Wickenberg).

**Governance and Ecological Modernization: New Structures and Processes**

The policy shift promoted by Persson indicated a wholesale acceptance of the strategy of ecological modernization (c.f. Gouldson and Murphy;
Hajer; Jänicke; Lundqvist 2000). This strategy for an ecologically sustainable society is said to contain thoroughgoing changes in the structures and processes of governance. One is the integration of environmental responsibilities in all policy sectors. Another is the combination of regulatory and economic policy instruments to propel the growth of new, green technologies and production/consumption processes in society (c.f. Murphy, 3). Both involve measures of centralization and decentralization that influence the government’s role in the governance.

It soon became obvious that the government had a strong interest in controlling the governance of its “Greening the People’s Home” strategy. In January 1997, a Delegation for Ecologically Sustainable Development (DESD), consisting of the Ministers of Environment, Agriculture, Taxation, and Basic Education and the Junior Minister of Labor, was formed within the Cabinet. The delegation’s first, explicitly short-term assignment was to “develop a platform for the Cabinet’s comprehensive policy for an ecologically sustainable society” (Swedish Parliamentary Record 1997).

The DESD’s March 1997 report (1997a) on “A Sustainable Sweden” called for a Sustainability Investment Program to run from 1998 to 2004. This program would include (a) one billion Swedish kroner (SEK) to ecocycle adjustment of built environments and infrastructure, (b) nine billion SEK to ecocycle transformation of the Swedish energy system, and (c) six billion SEK to local investment programs for sustainability by MGs (DESD 1997a). The Cabinet’s spring 1997 Economic Bill allocated 12.6 billion SEK for the period 1998–2000 to the Sustainable Investment Program as a whole, with 5.4 billion SEK specifically destined to support the Local Investment Programs (LIPs) (Cabinet Bill 1996/97, 87 ff.). The report also implied new modes of governance. The Cabinet itself should set the criteria for and decide on municipal applications for LIP support, sweeping aside administrative agencies presently charged with the authority to implement environmental and natural resource-related policies. The regulation of the decision-making process remained dim.

The DESD’s June 1997 proposal for a special LIP Ordinance to govern only the process (1997b) was finalized two weeks before the February 15, 1998, deadline for final LIP applications from MGs (SFS, 23). By then, there was already a new and unorthodox structure and process for handling the LIPs. The Ministry of Environment established a Ministry Unit for Ecological Transformation and Development (MENUET) as the center for LIP governance. It was supported by an internal central government network consisting of the five ministers of the DESD, the deputy state secretaries of eight ministries, a group of appointed “political experts” from the same eight ministries, and a group of expert officials from those ministries. Consisting of only a dozen officials, the MENUET was mandated to use “whatever expert sectoral agency competence and expertise needed” to process LIP applications (Cabinet Budget Bill, Spending Area 18, 46). Formal decisions to support or not support individual LIPs were
to be taken by the Cabinet, with a special responsibility put on the ministers within the DESD.

The central and regional agencies earlier charged with implementation of environmental and natural resource policies seemed to count on a prominent role for themselves in the LIP process. They were even given that impression when briefed by the Ministry of Environment in fall 1997 (Auditors of Parliament, 37). However, only just prior to the deadline for final applications were ten agencies specifically designated to assist the Ministry of Environment and the municipalities in the evaluation of applications and grants. The RAs were linked to the process through a clause in the LIP ordinance that made mandatory their counsel to local governments seeking LIP grants (Auditors of Parliament, 38, 45).

The actual decision-making process during the sustainability program’s first year (1997–1998) was quite different from these formal regulations. As Table 1 shows, the application and evaluation process stretched over a period of only six months. During the first four months, 286 MG notifications were processed. Around 40 municipalities were selected for dialogue and talks with the 12 MENUET officials. In the last two months, these 12 officials took decisions on the 115 final applications and selected 42 municipalities, whose applications were granted a total of 2.3 billion SEK through Cabinet decisions. During spring and early summer of 1998—which just happened to be an election year—the five DESD ministers took turns visiting the 42 municipalities to announce the Cabinet’s decisions at press conferences, often arranged by the local Social-Democratic party organization (c.f. National Audit Office 1999a, 89 ff.). Special emphasis was then put on the positive effects of the LIP on the local economy and labor market, most probably in order to make sure the political message of the Social-Democratic program for “Greening The People’s Home” would be reinforced.

### Table 1

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>PRINCIPAL ACTOR</th>
<th>DEADLINE</th>
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<tr>
<td>Notification of interest</td>
<td>Municipal governments</td>
<td>October 1997</td>
</tr>
<tr>
<td></td>
<td>(286 out of 288 local governments responded)</td>
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<tr>
<td>Selection of “dialogue”</td>
<td>MENUET</td>
<td>November 1997</td>
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<tr>
<td></td>
<td>(40 municipalities were selected)</td>
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<tr>
<td>Final application</td>
<td>Municipal governments</td>
<td>February 15, 1998</td>
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<td></td>
<td>(115 local governments applied)</td>
<td></td>
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<tr>
<td>Final allocation</td>
<td>Cabinet</td>
<td>April-May 1998</td>
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<td></td>
<td>(42 municipalities received LIP grants)</td>
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Source: Standing Committee on Housing (18).
Several features indicate that central government was intent on putting itself in charge of the governance of the LIP program. First, the definition of sustainable development as a cross-sectoral issue meant that the role of agencies usually dealing with “environmental” issues was made dependent on further specifications by central government. Second, the extremely late appearance of a formal ordinance to clarify these roles further broadened the central government’s discretion in organizing the process. Third, the vagueness of the ordinance’s criteria for judgement on which “measures” should be eligible for grants added to the uncertainty about the role of agencies and RAs in the intergovernmental management of the LIPs. All in all, control over program implementation was centralized to the ministerial level to a degree very different from Swedish constitutional form and practice.

However, this limited role for the central expert agencies also meant that the central government was very much dependent on the MGs. If the applications from the MGs were not well developed and of good quality, this might jeopardize the “Greening of the People’s Home” to which central government had attached so much political prestige, and into which it had invested so much public money. This echoes Rhodes’ (664) assertion that “managing interorganizational networks is both game-like and requires strategies rooted in trust” and that in order to bridge the gap between “steering (the setting of norms)... and... directedness (the outcome of that process), the government must use such tools of intergovernmental management as “problem solving, intergovernmental games and networking.”

**Governing without Bureaucracy? Intergovernmental Management at the Central and Regional Levels**

Swedish central agencies enjoy a constitutionally independent position in relation to the ministries. Programs involving state subsidies and grants are implemented by these agencies in accordance with ministerial “Letters of Regulation” specifying how the money should be spent. The ministry-central agency relations can thus be labeled *intergovernmental.*

Not only was this formal relation circumvented in the LIP process, but the actual process made central bureaucracy’s role even more subdued. The central expert agencies specifically designated to provide advice never really became part of the innermost network of actors: they were asked to comment on individual “measures” in the municipalities’ notification of interest according to a MENUET checklist, and thus never actually worked with the final municipal LIP applications. In addition, very few agency comments were sought. The three most crucial national agencies commented on no more than 26 of the 460 “measures” proposed by the 42 municipalities that finally received grants. And, since the ordinance formally regulating the selection of grantees was not yet available, the agencies had no fully developed criteria to guide what comments they
did give (Standing Committee on Housing, 23 ff.). Thus, the usual, formal procedures for expert consultation did not work in this process (Auditors of Parliament, 77). Extremely few measures were ever remitted to the central expert agencies, and agency comments were mostly left without consideration by the MENUET (c.f. Kågesson and Lidmark).

This very limited role for expert agencies implies a strong political will within the Ministry of the Environment and the Cabinet Office to retain political control over the outcome of the selection process. The role of the Swedish Environmental Protection Agency further reflects this political determination. By far the most important agency in the field, it was afforded a more “favorable” position than the other agencies. An official from the board was allowed to “sit in” with the MENUET to provide support during the Ministry Unit’s initial scanning of municipal applications selected for dialogue (Auditors of Parliament, 37 ff.).

The formal role of the RAs in the LIP process was not specified until the ordinance was finally ratified two weeks before the final deadline for LIP applications. The municipalities were required to seek RA counsel on their LIPs, and each RA to send the resulting counseling statement to the Ministry. However, the RAs were at a loss as to the content and scope of this procedure, as well as to the distribution of initiative. When municipalities asked the RAs which measures might be eligible for grants, the RAs could not answer because the ordinance was too unclear. The RAs felt sidestepped, since their counsel was given only during the municipalities’ work on notifications and not on the final application. Not allowed to participate in the dialogue between the MENUET and the chosen municipalities, the RAs thus could not give adequate advice. Furthermore, they could not give information to municipalities not receiving grants or not getting grants for all measures, since they had no insight into the criteria, priorities, and reasoning of the MENUET (Standing Committee on Housing, 26 ff.).

The massive critique against the first year’s process did lead to some changes in the second LIP round, in 1998–1999. The Ministry arranged a seminar in November 1998 to clarify what it expected from the agencies in their written comments on final municipal applications. The agencies’ views were now solicited by having representatives from the relevant expert agencies sitting in with the MENUET once or several times a week. The MENUET then remitted LIP “measures” to different agencies by the end of 1998 and demanded that their comments be turned in by mid-January 1999. Furthermore, some agencies’ views were now sought both before and after the final applications were in. However, there remained a crucial question: were the agency officials there as individually hired experts, or as representatives of their agencies (Auditors of Parliament, 40 ff.)? Some expert agencies expressed fears that the less stringent decision criteria of the MENUET might erode their authority (Auditors of Parliament, 42).
These patterns of intergovernmental relations could be dubbed “government without bureaucracy.” Throughout the process, the political rather than administrative/expert Ministry Unit called the shots by determining not only when but also how and on what specific LIP “measures” the central agencies and the RAs should be consulted. By providing unclear information and directives, the Ministry Unit kept both central and regional expert bureaucracies at bay. The Ministry Unit Coordinator said that, since the LIPs spanned the responsibility areas of at least eight central agencies, it was impossible to let these agencies make the decisions. Furthermore, the MENUET had “to compare apples and pears to get the C-vitamin content of the LIPs, i.e., the positive environmental effects, which makes it difficult to provide clear and exact criteria of judgement” (Svenska Dagbladet). What might happen to the authority of agencies and RAs in ordinary planning and regulation if or when MGs found that the MENUET was playing political games by “facilitating or accommodating” municipal measures deemed inappropriate by professional expert standards? For that to happen, there would have to be some process of “bargaining” between the central and local levels. Was there?

Governance between Game and Trust: The Management of Central-Local Relations

Quite naturally, the MGs had a central role in the LIP process: they formulated the LIPs and applied for central government funding. However, although so much money was at stake and the deadline for notification of interest was October 15, 1997, by late summer of that year only half of the 115 local governments applying for LIP grants had begun serious work on their applications. The MENUET selected about 40 MGs for closer dialogue, but another 10 MGs “invited themselves,” something the MENUET “found could not be evaded.” The dialogue meetings at the Ministry usually lasted only one hour. In them, the MGs asked how the MENUET would evaluate proposals, but the Ministry Unit made no commitments. MGs that got grants saw this phase as very valuable, but MGs not selected for dialogue never received any reason from the MENUET for not being selected.

The initiative was thus clearly with the MENUET. A majority of the 115 MGs making final applications said they dealt with changing or contradictory demands and guidelines from the MENUET on what should be in the application. About two-fifths of the 80 MGs that contacted other local governments on LIP matters found that their advice from the MENUET on eligible measures differed from that provided to other MGs. This made local LIP actors uncertain about the “rules of the game.” One-third of the 115 MGs finally applying for grants actually doubted whether the MENUET had enough competence or knowledge of the functioning of local government to appreciate MG problems with LIP applications. But who could the MGs trust in this intergovernmental game? Their scant
contacts with the expert agencies actually came via the MENUET, which informed the MGs about the agencies’ comments on specific LIP measures. MGs considered the RAs to be competent and to be giving the best advice they could given their vague and unclear mandate and the short time span of the application process.

The central-local LIP “dialogue” was indeed a process balancing between game and trust. Given the speed of the process and the subdued role of the expert agencies, and given the Cabinet’s eagerness to personally announce the LIP decisions to the “blessed” municipalities, one can begin to appreciate the political stakes put into the game by the Social-Democratic Government. It clearly viewed successful development of LIPs as a means to renew its party’s traditionally strong standing in the Swedish electorate. Furthermore, it seems to have judged “implementation from above” through new forms of intergovernmental management to be a necessary means to secure LIP success. At the same time, however, this top-down governance through the MENUET and the Cabinet network backing it up made central government extremely dependent on the MGs’ ability to formulate and implement good LIPs. In that game of intergovernmental management, central actors may have put too much trust in the MGs and their actions. As one evaluation puts it, the Ministry Unit “did not satisfactorily assess the quality of the information provided in the MG applications” (National Audit Office 1999b, 41 ff.).

This tension between game and trust comes out clearly in those LIP cases where central government invested much political prestige and thus became particularly dependent on the planning and implementative capacity of the MGs receiving LIP grants. The “Navestad” project in the municipality of Norrköping exemplifies this, providing a prime example of the governance problems encountered by Prime Minister Persson’s visions for an ecologically sustainable Sweden.3

The Norrköping MG presented its “Eco Gateway” project to the Minister of Environment in February 1996. The project aimed for an ecological transformation of the Ringdansen bloc in Navestad, a housing area ridden with environmental degradation and energy inefficiency as well as social segregation and crime. At a central government-sponsored conference in Norrköping in May 1997, Prime Minister Persson announced that ecological renewal of housing constructed under the Million Dwelling Program of 1965–1974 would be a prime target for LIP grants. The general impression was that the Prime Minister had thus de facto pointed out Navestad as a national LIP pilot project. The Norrköping MG was further invited to present its plans before the Social-Democratic Party Congress in September 1997. After selecting Norrköping as a “dialogue” municipality, the MENUET sent the MG notification of interest for expert agency comments. The agencies leveled harsh criticism against technical solutions and cost estimates, and maintained that the Navestad project would not provide environmental value for the money to be spent.
The central government’s determination to go through with the Navestad project despite expert doubts is shown by some extraordinary moves not envisaged in the LIP Ordinance. The Norrköping MG sent in a second, revised interest notification in December 1997, and—after further consultations with the MENUET—handed in a third version in January 1998. The Building Research Council heavily criticized the economics of the project and deemed the energy conversion part disqualified for support. However, the government allocated 260 million SEK—42 percent of the total investment—to Norrköping for the “ecological transformation” of the Navestad housing area. The political priority of this decision is revealed by the fact that the Navestad project got 71 percent of the first year’s state support of LIP measures in the category “building and housing” (Standing Committee on Housing, 41).

As things turned out, central government would have done well to listen to the expert critics and to put less trust in the MG and its implementing capacity. In August 1998, the MG councillors said that Norrköping was “stuck” with getting a 100 million SEK bank loan to go through with the full Navestad project. This occurred because the central government had promised to locate the new National Integration Office, including many new jobs, in Navestad—provided that the area renewal was fully implemented (Norrköpings Tidningar 1998a). There was more to come. Struggle over the organization of the Navestad renewal consortium blocked the project, scheduled to begin October 13, 1998, and the private building conglomerate Skanska withdrew from the consortium (Norrköpings Tidningar 1998b). The MG and the municipal public housing company continued the project, promising that those parts involving the National Integration Office would start in 1998. As for the rest, “[w]e get to the drawing boards only after the summer of 1999” (Navestad). However, by mid-October 1999, further project delays were being reported. The part of the project involving the National Integration Office was only on the verge of beginning, and housing area renewal was not scheduled to start until February 2000. Tensions grew as the central government indicated it would turn down the MG’s demand to prolong the project until 2003 (Norrköpings Tidningar 1999a, 1999b).

Several characteristics of governance as intergovernmental management are evidenced here. There was planning and regulation by central government, albeit in new structures and arenas other than those usually used for housing and physical planning. There was intense bargaining and negotiation among actors to get as much as possible from the state LIP grants. But when central government pushed for political rather than professional implementation of the program in order to gain popularity and electoral support, it became crucially dependent on the quality of the MG applications and on MG implementative capacity. Many MGs found they could not trust the competence of the MENUET, whereas the latter just had to believe that the mutual adjustments negotiated with the MGs...
could and would be implemented. As the Navestad case illustrates, this was not always achieved.

We may thus conclude that, although central government used its power to mold and manage intergovernmental networks to achieve desired political ends, the dependence on local governments with constitutionally guaranteed areas of sovereignty could still make for embarrassing outcomes. This in turn raises an intricate question about “governance as intergovernmental management between game and trust.” If the state’s role in governance not only derives from its own powers but also depends on the configuration and strength of societal interests and actors, could alternative governance structures, built on alternative networks, change the patterns of interdependence?

**Governing without the People? Local Management of the LIP Process**

MGs complained that the short time in which LIP applications could be created and sent in made it difficult to “establish a broad citizen participation” in the process (Auditors of Parliament, 52). This should be seen in relation to the central government’s view of the relationship between the LIPs and the Local Agenda 21 (LA 21) process. The 1997 *National Agenda 21* report stated that the LIP “is directly linked to the Local Agenda 21 process. In this way, a linkage has also been established between the local level and the central decision-making functions of the Cabinet and the Parliament” on issues of sustainable development (SOU, 11).

The Swedish LA 21 process began within a year after the 1992 UN Conference on Environment and Development (UNCED) in Rio, and covered most municipalities in Sweden (Cabinet Bill 1993/94, 64). The government used labor market policy measures to finance the hiring of LA 21 coordinators in the municipalities. An internationally unique activity was launched to engage grassroots citizens and interest organizations in outlining visions and developing programs for local sustainable development (c.f. Eckerberg, Forsberg, and Wickenberg). In a survey carried out in late 1998, 97 percent of municipalities reported quite conscious steps to engage citizens and interest groups in the LA 21 process. Two-thirds of them arranged special courses and seminars or held open hearings and discussion meetings on the subject. In over half of them, residents engaged in voluntary study organizations and environmental movements. Every second MG had tried to involve village- and community-based voluntary organizations (Brundin and Eckerberg).

By 1998, 56 percent of Sweden’s municipalities had adopted LA 21 action plans for sustainable development. Most of these plans were adopted during 1997, i.e., *just about the same time as the central government launched the LIP process*. However, all municipalities—LIP grantees as well as nongrantees—seemed doubtful about the connections between the two programs. Having focused on “soft” sectors and broad citizen participation in the LA 21 process, the MGs looked to “hard” sectors and the local
business elite in the LIP program. In only five percent of the municipalities did the LA 21 coordinators consider the two programs to be closely connected (Brundin and Eckerberg), and only one-third of the local branches of the Swedish Nature Conservancy Organization—the leading Swedish environmental interest group—were invited by local governments to comment on LIPs (Kågesson and Lidmark).

When preparing for the second round of LIP applications, in 1999, one-fourth of the MGs tried to engage their citizens in the process. However, contacts with local business were livelier: more than 60 percent of MGs reported such consultations in the LIP process. This is quite different from the LA 21 process, where just over one-third of the municipalities reported a high degree of business involvement. The grassroots perspective so evident in the LA 21 process is thus much less prominent in the LIP process (Brundin and Eckerberg). Given the short time allowed for LIP preparation, it would seem to have been quite rational for the MGs to build upon the already available LA 21 plans, which enjoyed broad popular recognition and support of the local networks. Evidently, however, many MGs brought forward other projects in cooperation with local economic interests. Local network management thus became “government without the people,” and—in effect—also local “implementation from above.”

THE ECOLOGY OF GOVERNANCE: CENTRAL GOVERNMENT, STEERING AND INTERGOVERNMENTAL DEPENDENCE

This study started from two diametrically opposing views of the structure and process of governance. Rhodes contends that there is a “hollowing out of the state,” that new governance is about intergovernmental management of self-organizing networks strong enough to resist government steering, and that the development is towards “governing without government.” Meanwhile, Pierre and Peters reassure us that the government is still at the helm, and that governments are “steering” society not so much because of their hierarchical position as because of their strategic control over critical resources. The direction and success of governmental steering is thus not bound to diminish; rather, it is a matter for empirical investigation.

The case of Swedish LIPs discussed above was selected under the assumption that it would provide a critical test of these contradictory views. I contend that this assumption has been proven correct. In this example, and contrary to Rhodes’ assertions, central government has been found to hold the initiative in the process of implementing Sweden’s new strategy of ecological modernization. In line with the arguments of Pierre and Peters, central government built new structures and created new processes that increased its power vis-à-vis constitutionally independent expert agencies and MGs—exactly those actors that in Rhodes’ view could make central governmental steering increasingly difficult.
It would seem, then, that the result of this analysis is starkly black and white: Rhodes is wrong and Pierre and Peters are right; there is “governance by government.” However, even if we are justified in contending that this builds on a case that provides a crucial test to both propositions, it remains a single case. What is needed to strengthen—or to qualify—the conclusion is a further discussion of the empirical factors affecting government’s role in governance. Pierre and Peters point to the importance of historical patterns of regulation and control within a particular policy sector. A situation with a long history of unilateral hierarchical regulation provides government with more leeway than one in which the sector is “run” by a tight, institutionalized policy network with strong sectoral self-regulation (c.f. Daugbjerg).

What comes out of the case studied here is government’s strategically crucial position. A government surrounded by established interests retains the option of changing the “sectoral landscape.” By introducing ecological modernization as a cross-sectoral strategy for “Greening the People’s Home,” and by building a centralized political structure to implement it, the Swedish Social-Democratic government was able to bypass or circumvent traditional decision-making processes and administrative strongholds. Through the MENUET, the government controlled every step of the granting process, selecting MGs for dialogue and setting the limits for expert agency counseling.

This was due in no small amount to the fact that the central government had put much political prestige into the LIPs. It thus had an institutional—read political—interest in maintaining control over the governance of the LIPs. To get the votes it obviously expected as a return on the LIP investments, central government simply had to make sure the program proceeded swiftly and smoothly to provide demonstrable outputs in time for the upcoming elections. Furthermore, with this political outcome in mind, it seemed prepared to downplay the need for legal authority: through the MENUET, it provided late and imprecise norms for the process of evaluating municipal application for grants and gave differing information about the eligibility of different measures within the municipal programs.

This ascendancy of political initiative over professional expertise or interests outside the political domain is also found at the municipal level. Despite the lively citizen participation in the development of LA 21 plans for local sustainability—a process in full swing at the time of the central government’s LIP initiative—MGs developed LIP applications with little reference to or participation from already existing local LA 21 networks. Evidently, those local networks established around ideas of future sustainable development were not strong enough to break into established local policy communities when concrete plans costing money and providing incomes had to be rushed through in time for program deadlines.

What we may conclude here is that governance as implementation from above is possible and expected when several empirical conditions seem favorable. Through more systematic analyses in future studies, we
can gain better insight into how different constellations of relevant contextual factors contribute or detract from governance by government. In this way, we may be able to grade their relative influence on government’s position along the continuum of power over structures and processes of governance.

What this study has also shown, however, is that governance is not just structures and processes: it is also about end results. The creation of new structures for governance—"adhocracies" such as special delegations, commissions, or units like MENUET—are often specifically designed to secure central political control over processes of program implementation (Agency for Administrative Development, 11 ff.). However, what government gains in direct control over the process by changing the structures of governance, it may well lose in terms of the end results. Central government’s dependence on the quality and competence of local governments for the success of the LIPs reminds us of Rhodes’ (664) assertion that "steering (the process of setting norms) is separated from directedness (the outcome of that process).” Thus, one important line in the future study of governance is the ways in which changing positions of government along the continuum of power over governance—be they achieved through conscious use of governmental strategies or caused by surrounding factors—interact with the final outcome of policies and programs. Under what circumstances can a certain power position for government be considered “good governance” in terms of end results?

Notes
1. 8.50 SEK = 1 U.S. dollar in 1998; state grants were maximized to 30 percent of total investments.
2. The following section builds on Standing Committee on Housing (30 ff.) and Auditors of Parliament (50 ff.). Otherwise unattributed quotes in this section come from these sources.
3. The following section builds on Standing Committee on Housing (54 ff.).

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